

TARIFF ACTION MEMORANDUM

File Nos.: TA152-97, TA113-118,
TA157-37, and TA107-290

Date: April 13, 2021
Date Filed: March 1, 2021
Statutory End Date: April 15, 2021

Name of Utilities: College Utilities Corporation and Golden Heart Utilities, Inc.

Description: Semi-Annual PRISM Surcharge Adjustment

Synopsis of Filing:

College Utilities Corporation (Water and Wastewater) and Golden Heart Utilities, Inc. (Water and Wastewater) submit their semi-annual Plant Replacement and Improvement Surcharge Mechanism surcharge.

Tariff Recommendations:

The Commission should:

1. Approve Tariff Sheet Nos. 30 and 99, filed March 1, 2021, with TA152-97 and TA113-118, by College Utilities Corporation and Golden Heart Utilities, Inc., respectively, as shown on the attached side-by-side tariff sheets (BA-1). The effective date of the tariff sheets should be April 15, 2021.
2. Approve Tariff Sheet Nos. 26 and 95, filed March 1, 2021, with TA157-37 and TA107-290, by College Utilities Corporation and Golden Heart Utilities, Inc., respectively, as shown on the attached side-by-side tariff sheets (BA-1). The effective date of the tariff sheets should be April 15, 2021.

Reason(s) for the above-indicated recommendations: See attached memorandum.

Signed: Becki Alvey
Becki Alvey

Title: Utility Tariff Analyst

Commission decision regarding these recommendations:

	Date (if different from 4/13/2021)	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		<u>RMP</u>		
Kurber		<u>KKT</u>		
Scott		<u>AGS</u>		
Sullivan		<u>DS</u>		
Wilson		<u>JWW</u>		

*If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: April 13, 2021

From: Becki Alvey, Utility Tariff Analyst

Subject: TA152-97, TA113-118, TA157-37, and TA107-290
Semi-Annual PRISM Surcharge Adjustment

STATEMENT OF CASE

College Utilities Corporation (CUC) (Water and Wastewater) and Golden Heart Utilities, Inc. (GHU) (Water and Wastewater) submit their semi-annual Plant Replacement and Improvement Surcharge Mechanism (PRISM) surcharge.

RECOMMENDATIONS

The Commission should:

1. Approve Tariff Sheet Nos. 30 and 99, filed March 1, 2021, with TA152-97 and TA113-118, by CUC and GHU, respectively, as shown on the attached side-by-side tariff sheets (BA-1). The effective date of the tariff sheets should be April 15, 2021.
2. Approve Tariff Sheet Nos. 26 and 95, filed March 1, 2021, with TA157-37 and TA107-290, by CUC and GHU, respectively, as shown on the attached side-by-side tariff sheets (BA-1). The effective date of the tariff sheets should be April 15, 2021.

BACKGROUND

On November 29, 2011, the Commission opened Docket No. R-11-006 to discuss new regulations establishing PRISM for economically regulated water and wastewater utilities.¹ After two technical conferences that resulted in the formation a utility working group and multiple comment periods, the Commission adopted regulations for PRISM on February 25, 2014.² The regulations were filed with the Lieutenant Governor on May 30,

¹ See Order No. R-11-006(1), *Order Opening Docket and Scheduling Technical Conferences*, issued November 29, 2011.

² See Order No. R-11-006(7), issued February 25, 2014.

2014, and became effective June 29, 2014.³ PRISM allows eligible water or wastewater utilities to establish a surcharge to recover capital costs associated with plant placed in service between general rate cases.⁴

In Docket Nos. U-15-091 (water) and U-15-092 (wastewater), GHU and CUC's (hereinafter referred to together as 'the Utilities') proposed new provisions for implementing the PRISM surcharge established in Docket No. R-11-006. In Order No. U-15-089(18)/U-15-091(18)/U-15-092(18), the Commission accepted a stipulation between the Utilities and the Attorney General (AG). At the time that order was issued, the Commission was still evaluating the Utilities' proposed PRISM tariff sheets.⁵ On June 8, 2016, the Utilities filed revised PRISM tariff sheets as agreed to at an informal conference that was held to discuss the matter. On June 16, 2016, the Commission approved the Utilities' PRISM tariff sheets.⁶

On June 3, 2019, the Utilities filed TA140-97, TA101-118, TA145-37, and TA95-290, revenue requirement studies based on a 2018 test year. With those filings, the Utilities proposed to reset their PRISM surcharges to 0%.⁷ On July 15, 2019, the Commission issued Order No. U-19-070(1)/U-19-071(1) suspending the tariff filings and approved the proposed interim tariff sheets on an interim and refundable basis. On January 19, 2021, the Commission issued Order No. U-19-070(21)/U-19-071(21)/U-19-087(18)/U-19-088(18) (Order No. U-19-070(21) et al.), resolving the revenue requirement and requiring filings. On February 3, 2021, the Utilities filed a petition for partial reconsideration.⁸ On February 23, 2021, the Commission issued Order No. U-19-070(23)/U-19-071(23)/U-19-087(20)/U-19-088(20) extending the time to consider the petition for reconsideration until April 30, 2021.

The Utilities now submit TA152-97 and TA113-118 pertaining to the joint water utility operations PRISM surcharge update, and TA157-37 and TA107-290 pertaining to the joint wastewater PRISM surcharge update.

Notice to Customers

3 AAC 52.810(b) provides that a utility shall notify customers by bill insert, or other method specified in its surcharge tariff, before filing surcharge updates and additional notice of a surcharge update will not be required unless ordered by the Commission.⁹ The Utilities' tariffs provide that customers will be notified by bill insert.¹⁰

³ See Order No. R-11-006(8), issued July 2, 2014.

⁴ See 3 AAC 52.800.

⁵ See Order No. U-15-089(19)/U-15-091(19)/U-15-092(19), issued June 16, 2016, at page 2.

⁶ See Order No. U-15-089(18)/U-15-091(18)/U-15-092(18), issued May 26, 2016.

⁷ See tariff advice letters for TA140-97, TA101-118, TA145-37, and TA95-290, filed June 3, 2019.

⁸ See Golden Heart Utilities, Inc. and College Utilities Corporation's Petition for Partial Reconsideration, filed February 3, 2021

⁹ See 3 AAC 52.810(b).

¹⁰ See Tariff Sheet Nos. 96 (GHU wastewater), 27 (CUC wastewater), 100 (GHU water), and 31 (CUC water), effective June 16, 2016.

With Letter Order No. L1700135, the Commission required, among other things, the Utilities to provide advanced notification of the PRISM surcharge change, through bill inserts, in sufficient time to allow customers the opportunity to comment with the Commission on the PRISM surcharge filings. In addition, the Commission required that the Utilities include the date the bill insert notifying customers of the PRISM surcharge change was issued or will be issued in its tariff advice letter with each PRISM surcharge filing.¹¹ No public notice was issued for TA152-97, TA113-118, TA157-37, and TA107-290 in accordance 3 AAC 52.810(b)¹² and the Utilities' tariffs.¹³

The Utilities filed a copy of the bill insert with TA152-97, TA113-118, TA157-37, and TA107-290.¹⁴ In addition, the Utilities provided the date the bill insert was included with the bills in their tariff advice letters. Staff notes that CUC customers saw the bill insert in bills rendered February 25, 2021, and GHU customers saw the bill insert with bills rendered March 5, 2021.¹⁵ Staff notes that the Utilities have provided more than 30 days' notice to its customers of PRISM surcharge change. Staff believes that the Utilities have provided notice as required by their tariff and met the requirements of the Letter Order No. L1700135 for the instant filings. Staff will continue to verify that the Utilities meet the requirements of Letter Order No. L1700135 with each PRISM surcharge update.

ANALYSIS

PRISM

The Commission evaluates proposed revisions to PRISM under 3 AAC 52.800 – 3 AAC 52.890, which provides what information is required for each proposed PRISM surcharge revision. This includes information supporting the calculation of the surcharge, prefiled direct testimony, the utility's most recent long-term infrastructure improvement plan, the utility's most recent annual asset optimization plan, and certification that a general rate case has been filed within the five years immediately preceding the establishment or revision of the surcharge tariff.¹⁶

With TA152-97, TA113-118, TA157-37, and TA107-290, the Utilities submitted the calculation of their water and wastewater PRISM surcharge, supporting information for those calculations, a copy of their most recent long-term infrastructure improvement plan, a copy of their most recent annual asset optimization plan, and prefiled direct testimony which included a certification that a general rate case had been filed within the most recent five years.¹⁷

¹¹ See Letter Order No. L1700135, issued April 7, 2017, at page 1.

¹² 3 AAC 52.810(b) provides that the utility shall notify customers by bill insert or other method specified in the approved surcharge tariff and an additional notice of a surcharge updated will not be required unless ordered by the Commission.

¹³ See Tariff Sheet Nos. 96 (GHU wastewater), 27 (CUC wastewater), 100 (GHU water), and 31 (CUC water), effective June 16, 2016.

¹⁴ See TA152-97, TA113-118, TA157-37, and TA107-290, filed March 1, 2021, at Exhibit C.

¹⁵ See tariff advice letters for TA154-97, TA113-118, TA157-37, and TA107-290, filed March 1, 2021, at page 3.

¹⁶ See 3 AAC 52.805(d).

¹⁷ See Direct Prefiled Testimony of Oran Paul filed March 1, 2021, at page 3.

The Utilities' approved methodology for calculating the PRISM surcharge is as follows:¹⁸

$$PRISM = \frac{((EP \times WACC) + Dep + Taxes + e)/2}{PSAR}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation.¹⁹ To the extent bonus depreciation is applicable to eligible plant; the Utility will make an adjustment to subtract related Accumulated Deferred Income Taxes (ADIT).

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

In Docket Nos. U-19-070 (water) and U-19-071 (wastewater), the Commission set the Utilities actual capital structure at 55.39% equity/44.61% debt for water and 54.34% equity/45.66% debt for wastewater.²⁰ The Commission also determined a 10.53% return on equity for the Utilities' joint water operations, a 10.56% return on equity for the Utilities' joint wastewater operations.²¹

Staff verified that the Utilities' weighted average cost of capital of 7.1512%²² for water and 7.2168%²³ for wastewater was calculated using the return on equity and actual capital structures as determined in Order No. U-19-070(21) et al. In addition, Staff verified that the depreciation accrual rates used in calculating the depreciation expenses related to PRISM eligible plant matches the depreciation accrual rates of the stipulated depreciation study.²⁴

¹⁸ See Tariff Sheet Nos. 26 (CUC wastewater), 95 (GHU wastewater), 30 (CUC water), and 99 (GHU water), effective June 16, 2016.

¹⁹ 3 AAC 52.830 provides a list of eligible plant for water and wastewater utilities. Staff notes that the Utilities' tariffs also provide a list of eligible plant. See Tariff Sheet Nos. 24 (CUC wastewater), 93 (GHU wastewater), 28 (CUC water), and 97 (GHU water).

²⁰ See Order No. U-19-070(21) et al., at page 54.

²¹ *Id.* at page 62.

²² See TA113-118 and TA152-97, at page 5 of Exhibit A.

²³ See TA157-37 and TA107-290, at page 5 of Exhibit A.

²⁴ See TA152-97, TA113-118, TA157-37, and TA107-290, at page 6 and 7 of Exhibit A. Staff notes that GHU and CUC did not file a depreciation study with their revenue requirement studies.

Exhibit A, filed as an attachment to each PRISM filing, provides the cost, annual depreciation expense, and annual ADIT for each asset placed into service.²⁵ During Staff's review of Exhibit A filed with TA93-118, TA132-97, TA137-37, and TA87-290,²⁶ Staff noted that it did not appear that the eligible plant costs were decreasing due to further depreciation of the assets – accumulated depreciation. With Letter Order No. L1800162, the Commission required the Utilities to calculate future PRISM filings using the methodology set out in their tariffs or request a change to their PRISM methodologies in separate filings.²⁷

With TA96-118, TA135-97, TA140-37, and TA90-290, the Utilities updated Exhibit A to include a column for accumulated depreciation. The accumulated depreciation decreases the eligible plant costs that are used to calculate the PRISM surcharge. Staff verified that the Utilities reduced eligible plant costs by the accumulated depreciation. With the instant filings, Staff also verified that the Utilities reduced eligible plant costs by the accumulated depreciation. Staff believes that the Utilities continue to comply with the requirement of Letter Order No. L1800162.

Consumer Protection

3 AAC 52.840 provides protection to customers by limiting the amount of the surcharge and establishing provisions for resetting the surcharge. Specifically, 3 AAC 52.840(d) provides that the PRISM surcharge may be reset to zero, or another reduced rate that the Commission establishes by order, if the Commission, based on annual report data or otherwise, and after notice and an opportunity to be heard, finds that the utility's earned rate of return, including surcharge revenues, exceeds the rate of return used to calculate the surcharge rate.²⁸ Further, 3 AAC 52.825(c) and (d) provide methods for adjusting the surcharge should a utility over- or under-collect surcharge revenue.²⁹ Staff notes that the Commission required the Utilities to file their earned rate of return, including PRISM surcharge revenues with their annual operation reports starting with the reports due March 31, 2017, and on an ongoing basis.³⁰ The Utilities most recently reported that the joint water ROE is 6.24% and the joint wastewater ROE is 6.12%.³¹

Water PRISM Surcharge Increase (Tariff Sheet Nos. 30 and 99)

With TA152-97 and TA113-118, filed by CUC and GHU, respectively, the Utilities propose a PRISM surcharge of 3.40% for water customers.³² This is an increase from the Utilities' current PRISM surcharge of 1.12%.

²⁵ See TR1801340, filed March 15, 2018. The Utilities provided an explanation of each column header found on pages 2 through 9.

²⁶ See pages 2 through 9 of Exhibit A of TA143-97, TA104-118, TA148-37, and TA98-290.

²⁷ See Letter Order No. L1800162, issued April 11, 2018.

²⁸ See 3 AAC 52.840(d).

²⁹ See 3 AAC 52.825(c) and (d).

³⁰ See Letter Order No. L1600507, issued October 21, 2016, at page 2.

³¹ See TR2002952, filed April 30, 2020, for CUC water at page 1; TR2002950, filed April 30, 2020, for CUC wastewater at page 1; TR20002948, filed April 30, 2020, for GHU water at page 1; and TR20002949, filed April 30, 2020, for GHU wastewater, at page 1.

³² See side by side Tariff Sheet Nos. 30 and 99, attached as BA-1.

The Utilities reported that the eligible water plant costs is \$3,959,707. This amount, multiplied by the weighted average cost of capital, 7.1512% for water, equals a total return component of \$283,168. The total semi-annual costs, which is the sum of the total return component, depreciation, taxes, and any correction or adjustment, divided by two, equals \$218,874.10. The costs are then divided by the semi-annual revenues, projected at \$6,432,069,³³ which equals 3.40%.³⁴

The PRISM surcharge is applied to all classes of service for each customer's billed revenue.³⁵ The impact on a typical residential customer is shown in the following table.

Customer Water Bill	Current	Proposed	Difference
PRISM Surcharge	1.12%	3.40%	2.28%
<u>Customer Bill 3,212 gallons</u>			
Usage fee (\$8.27/1,000 gal)	\$ 26.56	\$ 26.56	\$ -
Customer Fixed Fee	9.39	9.39	-
Public Fire Fee	3.80	3.80	-
Meter Charge (3/4" Meter)	12.51	12.51	-
COEA ((\$0.0603)/1,000 gal)	(0.19)	(0.19)	-
Regulatory Cost Charge, 0.897%	0.47	0.47	-
PRISM Surcharge	0.59	1.78	1.19
Total Customer Bill	\$ 53.13	\$ 54.32	\$ 1.19

Staff has verified that the PRISM surcharge for the Utilities' joint water operations has been calculated using the Utilities' approved methodology and that the tariff sheets are correct. Therefore, Staff recommends the Commission approve Tariff Sheet Nos. 30 and 99, filed by CUC and GHU, respectively.

Wastewater PRISM Surcharge Increase (Tariff Sheet Nos. 26 and 95)

With TA157-37 and TA107-290, filed by CUC and GHU, respectively, the Utilities propose a PRISM surcharge of 2.36% for wastewater customers.³⁶ This is an increase from the Utilities' current PRISM surcharge of 1.21%.

The Utilities reported that the eligible wastewater plant costs is \$3,217,869. This amount multiplied by the weighted average cost of capital, 7.2168% for wastewater, equals a total return component of \$232,226. The total semi-annual costs, which is the sum of the total return component, depreciation, taxes, and any correction or adjustment, divided by two,

³³ See TA113-118 and TA152-97, at page 1 of Exhibit A Sales Projections.

³⁴ See TA113-118 and TA152-97, at page 1 of Exhibit A.

³⁵ See Tariff Sheet Nos. 29 and 98 for CUC and GHU, respectively, effective June 16, 2016.

³⁶ See side by side Tariff Sheet Nos. 26 and 95, attached as BA-1.

equals \$184,495.82. The costs are then divided by the semi-annual revenues, projected at \$7,827,634,³⁷ which equals 2.36%.³⁸

The PRISM surcharge is applied to all classes of service for each customer's billed revenue.³⁹ The impact on a typical residential customer is shown in the following table.⁴⁰

Monthly Customer Wastewater Bill	Current	Proposed	Difference
PRISM Surcharge	1.21%	2.36%	1.15%
<u>Customer Bill of 2,955 gallons</u>			
Usage fee (\$12.90/1,000 gal)	\$ 38.12	\$ 38.12	\$ -
Customer Fixed Fee	16.16	16.16	-
COEA (\$0.02259/1,000 gal)	0.07	0.07	-
Regulatory Cost Charge, 0.897%	0.49	0.49	-
PRISM Surcharge	0.66	1.28	0.62
Total Customer Bill	\$ 55.49	\$ 56.12	\$ 0.62

Staff has verified that the PRISM surcharge for the Utilities' joint wastewater operations has been calculated using the Utilities' approved methodology and that the tariff sheets are correct. Therefore, Staff recommends the Commission approve Tariff Sheet Nos. 26 and 95, filed by CUC and GHU, respectively.

Long-term Infrastructure Improvement Plan and Asset Optimization Plan

3 AAC 52.805(d)(1) provides that a copy of the utility's most recent long-term infrastructure improvement plan must accompany PRISM surcharge filings.⁴¹ Additionally, 3 AAC 52.805(d)(2) provides that a copy of the utility's most recent annual asset optimization plan must accompany PRISM surcharge filings.⁴² 3 AAC 52.815(e) requires Commission Staff to review the long-term infrastructure improvement plan or the asset optimization plan for compliance with the provisions of 3 AAC 52.800 – 3 AAC 52.890, the uniform system of accounts established for water and wastewater utilities, generally accepted accounting principles, and reasonable management practices.

Staff verified that the Utilities provided copies of the long-term infrastructure improvement plans, revised February 2021, and asset optimization plans, revised February 2021. Staff reviewed the asset optimization plans and believes the asset optimization plans comply with the uniform system of accounts established for water utilities and wastewater

³⁷ See TA154-37 and TA104-290 at page 1 of Exhibit A Sales Projections

³⁸ See TA154-37 and TA104-290 at page 1 of Exhibit A.

³⁹ See Tariff Sheet Nos. 25 and 94 for CUC and GHU, respectively, effective June 16, 2016.

⁴⁰ Staff notes that customers that only receive wastewater service also pay a meter charge. Customers that receive water and wastewater service only pay one meter charge.

⁴¹ See 3 AAC 52.805(d)(1).

⁴² See 3 AAC 52.805(d)(2).

utilities.⁴³ Staff also believes that the Utilities complied with generally accepted accounting principles as stated in the Utilities' 2019 audited financial statements.⁴⁴

Docket Nos. U-19-070 and U-19-071

On June 3, 2019, the Utilities filed TA140-97, TA101-118, TA145-37, and TA95-290, revenue requirement studies based on a December 31, 2018 test year, which were suspended into Docket Nos. U-19-070 (water) and U-19-071 (wastewater). In those dockets, the Utilities also recalculated their weighted average cost of capital. Finally, the Utilities reset the PRISM surcharge to zero because the rates approved on an interim basis included the plant that had be recovered through the PRISM surcharge.

Staff notes that the PRISM surcharges calculated in the instant filings include plant placed in service between February 1, 2019 and January 31, 2021, which is outside the test year. Although, the return on equity is included in the Utilities' petition for reconsideration, the Utilities' calculated the PRISM surcharge on the currently approved capital structure and weighted average cost of capital. Therefore, Staff is not recommending that the instant filings be suspended into Docket Nos. U-19-070 and U-19-071

CONCLUSION

With TA152-97, TA113-118, TA157-37, and TA107-290, the Utilities propose to update the PRISM surcharge. Staff has verified the proposed surcharges were calculated accurately using the Utilities' approved methodology, the proper support was filed, and the tariff sheets are correct. Therefore, Staff recommends that the Commission:

1. Approve Tariff Sheet Nos. 30 and 99, filed March 1, 2021, with TA152-97 and TA113-118, by CUC and GHU, respectively. The effective date of the tariff sheets should be April 15, 2021.
2. Approve Tariff Sheet Nos. 26 and 95, filed March 1, 2021, with TA157-37 and TA107-290, by CUC and GHU, respectively. The effective date of the tariff sheets should be April 1, 2021.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 

Email: keith.kurber@alaska.gov

Signature: 
Antony Scott (Apr 13, 2021 08:23 AKDT)

Email: antony.scott@alaska.gov

Signature: 
Daniel Sullivan (Apr 13, 2021 09:03 AKDT)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Apr 13, 2021 16:00 AKDT)

Email: janis.wilson@alaska.gov

⁴³ Staff notes that the regulations at 3 AAC 48.277 provide that water and wastewater utilities shall maintain records in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility commissioners which were in effect on January 1, 1982. CUC and GHU use the 1996 version of the Uniform System of Accounts (see TA122-97, TA80-118, TA127-37, and TA74-290 Response to Staff Question re: Uniform System of Accounts for GHU and CUC). Staff verified CUC and GHU's account numbers with the 1996 edition of the Uniform System of Accounts. Staff also notes that with Letter Order No. L1600507, the Commission waived the use of the 1982 Uniform System of accounts and allowed the Utilities to use the 1996 Uniform System of Accounts (see Letter Order No. L1600507, issued October 21, 2016).

⁴⁴ See TR2002952 at page 27 of the pdf document.

RCA NO. 97 10th REVISION SHEET NO. 30

CANCELING

9th REVISION SHEET NO. 30

COLLEGE UTILITIES CORPORATION

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM

RECEIVED
AUG 31 2020

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((EP \times \text{WACC}) + \text{Dep} + \text{Taxes} + e)/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WATER SURCHARGE RATE: The PRISM percentage is 1.12%

I

PURSUANT TO:

TARIFF ADVICE NO: 149-97

EFFECTIVE: October 15, 2020

ISSUED BY: COLLEGE UTILITIES CORPORATION

BY: Oran Paul
Oran Paul

Title: President

RCA NO. 97 11th REVISION SHEET NO. 30

CANCELING

10th REVISION SHEET NO. 30

COLLEGE UTILITIES CORPORATION

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM



d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((EP \times \text{WACC}) + \text{Dep} + \text{Taxes} + e)/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WATER SURCHARGE RATE: The PRISM percentage is 3.4%

I

PURSUANT TO:

TARIFF ADVICE NO: 152-97

EFFECTIVE: April 15, 2021

ISSUED BY: COLLEGE UTILITIES CORPORATION

BY: Oran Paul
Oran Paul

Title: President

CANCELING

GOLDEN HEART UTILITIES, INC.

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM

RECEIVED**AUG 31 2020**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((\text{EP} \times \text{WACC}) + \text{Dep} + \text{Taxes} + \text{e})/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WATER SURCHARGE RATE: The PRISM percentage is 1.12%

I

PURSUANT TO:

TARIFF ADVICE NO: 110-118

EFFECTIVE: October 15, 2020

ISSUED BY: GOLDEN HEART UTILITIES, INC.BY: Oran Paul

Oran Paul

Title: President

CANCELING

GOLDEN HEART UTILITIES, INC.

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM



d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((\text{EP} \times \text{WACC}) + \text{Dep} + \text{Taxes} + \text{e})/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WATER SURCHARGE RATE: The PRISM percentage is 3.4%

I

PURSUANT TO:

TARIFF ADVICE NO: 113-118

EFFECTIVE: April 15, 2021

ISSUED BY: GOLDEN HEART UTILITIES, INC.BY: Oran Paul

Oran Paul

Title: President

RCA NO. 37 10th REVISION SHEET NO. 26

CANCELING

9th REVISION SHEET NO. 26

COLLEGE UTILITIES CORPORATION

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM

RECEIVED

AUG 31 2020

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((\text{EP} \times \text{WACC}) + \text{Dep} + \text{Taxes} + e)/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WASTEWATER SURCHARGE RATE: The PRISM percentage is 1.21%

I

PURSUANT TO:

TARIFF ADVICE NO: 154-37

EFFECTIVE: October 15, 2020

ISSUED BY: COLLEGE UTILITIES CORPORATION

BY: O-A-P-1

Oran Paul

Title: President

RCA NO. 37 11th REVISION SHEET NO. 26

CANCELING

10th REVISION SHEET NO. 26

COLLEGE UTILITIES CORPORATION

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM



d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((\text{EP} \times \text{WACC}) + \text{Dep} + \text{Taxes} + e)/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

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e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WASTEWATER SURCHARGE RATE: The PRISM percentage is 2.36%

I

PURSUANT TO:

TARIFF ADVICE NO: 157-37

EFFECTIVE: April 15, 2021

ISSUED BY: COLLEGE UTILITIES CORPORATION

BY: O-A-P-1

Oran Paul

Title: President

CANCELING

GOLDEN HEART UTILITIES, INC.

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM

RECEIVED
AUG 31 2020
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((EP \times WACC) + \text{Dep} + \text{Taxes} + e)/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

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Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WASTEWATER SURCHARGE RATE: The PRISM percentage is 1.21%

I

PURSUANT TO:

TARIFF ADVICE NO: 104-290

EFFECTIVE: October 15, 2020

ISSUED BY: GOLDEN HEART UTILITIES, INC

BY: O - A - P - 1

Oran Paul

Title: President

CANCELING

GOLDEN HEART UTILITIES, INC.

PLANT REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM



d. Computation: (continued)

Formula: The formula for calculating the plant replacement surcharge percentage is as follows:

$$\text{PRISM} = \frac{((EP \times WACC) + \text{Dep} + \text{Taxes} + e)/2}{\text{PSAR}}$$

Where:

EP = the original cost of PRISM eligible plant net of accumulated depreciation. To the extent bonus depreciation is applicable to eligible plant, the Utility will make an adjustment to subtract related ADIT.

WACC = the weighted average cost of capital approved in the utility's most recent general rate case.

Dep = the depreciation expense related to PRISM eligible plant.

Taxes = the state and federal statutory tax rates applied to the equity return, and local property taxes applicable to the PRISM eligible plant.

e = the amount calculated under the annual reconciliation or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PSAR = the projected semi-annual revenues to be collected from customers.

PRISM WASTEWATER SURCHARGE RATE: The PRISM percentage is 2.36%

I

PURSUANT TO:

TARIFF ADVICE NO: 107-290

EFFECTIVE: April 15, 2021

ISSUED BY: GOLDEN HEART UTILITIES, INC

BY: O - A - P - 1

Oran Paul

Title: President